

Joseph Chang New York

The coronavirus crisis will accelerate the drive to digitalisation for chemical distributors to more efficiently serve customers, said the CEO of Belgium-based chemical distributor Azelis.

"This crisis will not only further accelerate the drive towards digital but also the trend of dealing with firms that offer one-stop innovation services," said Hans Joachim Muller, CEO of Azelis.

"In a couple of years from now, the specialty chemicals and food ingredients distribution industry won't be seen as somebody you take on because they distribute your products. Our principal partners will entrust their portfolio more and more to us because they appreciate that we are in the position to offer the entire lateral value chain for a given market segment to customers," he added.

This lateral value chain of product offerings could be compared with a supermarket, but with the added benefit of offering advice and expertise to customers through laboratories "how to cook, or – in distribution terms – how to formulate", he noted.

"Innovation through formulation is a key trend today and is set to be a prime value driver for years to come," said Muller.

Focus on digitalisation

Azelis was already focusing on digitalisation as well as sustainability before the coronavirus outbreak and its dedication to these initiatives has only grown stronger during this time, he said.

"When it comes to digitalisation, we have made some significant investments lately which have, for example, made the sudden switch to home working a smooth one, without any compromise to the quality of our service to our business partners," said Muller.

"Enhanced service to our customers is always on top of our agenda and digital tools like e-Labs are among the smart ways of keeping the competitive advantage," he added.

Azelis' e-Lab is a digital formulation project management tool targeted to the personal care sector, and designed to optimise customers' time to market.

It offers a direct line to its applications labs and online R&D project management with no geographic or time barriers. Customers can thus get formulation support,

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Coronavirus to boost digital move

Azelis CEO Hans Joachim Muller expects an acceleration in digitalisation efforts from the crisis and for the company to emerge in a stronger position

ingredients and regulatory documents through a single digital hub.

"Our main goal is always to help our customers shorten their path to market, help them become market leaders, expand on their ideas and offer them new ones," said Muller.

"All this can be done in person, and nothing will ever replace the importance of personal relationships in our industry, but taking this innovation capability into digital space is complementary to that personal contact and makes that formulation journey a more efficient one for both us and our customers," he added.

Amid the pandemic, most of Azelis' em-

ployees are working from home and getting the job done, said the CEO.

"When this all started, keeping our employees healthy and safe was our highest priority. In light of that and in line with local authority recommendations, the majority of our employees were immediately asked to work from home.

"This move – all of us moving into our home offices – worked out very well and confirmed that we do live up to the aspiration to also be a digital leader in our industry," said Joachim Mueller.

"Very early in the outbreak, we put together a cross-functional Covid-19 coordination

team that monitors the situation and implements measures across Azelis as the situation evolves. From the onset of the crisis, we have had regular updates and open communication lines with our principals, in order to assess supply of goods, possible disruptions and sourcing of alternative materials if and when possible," he added.

Sustainability momentum

Along with digitalisation, Azelis is sharpening its focus on sustainability. The company in March 2020 was awarded a 2nd consecutive EcoVadis Gold rating. This measures corporate social responsibility (CSR) across a number of categories. Azelis also became a member of Together for Sustainability (TfS), a global initiative for sustainable supply chains.

Weighted towards life sciences

Azelis, with a strong presence in the food, nutraceuticals, pharmaceuticals, agro, personal care and household & industrial cleaning sectors, is well positioned amid the coronavirus crisis, although it is still difficult to predict the overall impact on its business, the CEO noted.

"Demand in the life science segments we are serving is only marginally affected, if at all. Given that more than 60% of our portfolio

serves life science industries, we are pretty confident that this portion of our activities will weather the storm well," said Muller.

"On the industrial segments, the picture is somewhat less favourable but still, even here we do see quite a few of the segments holding up nicely. How long will it last? Nobody can tell with any certainty right now, but we are working on the assumption that the pandemic will have an impact on business at least for the entire year 2020 – likely longer," he added.

Azelis is seeing business decline mainly in the CASE (coatings, adhesives, sealants, elastomers, inks, building and construction products) and R&PA (Rubber & Plastic Additives) segments but in varying degrees across regions and also within subsegments. For example, R&PA is being badly hit due to its

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strong link to the automotive industry but there are also plenty of R&PA customers in other industries such as packaging where there is more resilient and even increasing demand, the CEO noted.

The distributor is seeing a significant increase in demand for home care, food, nutraceuticals and pharmaceutical offerings.

"This increase is mainly driven by higher demand for the ingredients that are used in the production of disinfectants, immune system boosters and inhaler gases, to name only some. All in all, we are still doing well but economic consequences of this pandemic will eventually be unavoidable," said Muller.

Even as the year-on-year backlog in May and June still looks promising, the CEO expects "some of these orders might eventually only be shipped with a delay".

"There is so much uncertainty out there and things can change very rapidly. We are monitoring the situation daily, and adjust the measures immediately if there is a new development," said Muller.

"We are once again proving to be a very united team which is a great reassuring factor in these unprecedented times... I am confident we will come out of this crisis even stronger than going into it," he added. ■



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